

# THE DIVISION OF PURCHASING AND GENERAL SERVICES



## FISCAL YEAR 2008 RATES PROPOSAL

1. Electronic Purchasing Services:  
**No changes**
2. State Mail and Distribution.  
**Rate reduction of \$0.005 on the Mail Distribution fee**  
This will result in a \$90,000.00 reduction in revenue for this rate period.
3. Publishing Services  
**No changes**



## **State Mail & Distribution Services, FY 2008 Rate Proposal**

State Mail & Distribution Services is requesting a **\$0.005 reduction** to its Mail Distribution (103) rate from \$0.04 to \$0.035 this year.

### **Purpose and Program Description**

State Mail & Distribution Services (SM&DS) is a full service mail processing and distribution agency. Our mission is to provide a cost effective and comprehensive mail and distribution support system for our customer agencies. Our goal is to assist all state agencies and political sub-divisions in taking full advantage of our postage and freight discount programs and to assist them minimize their mail finishing costs. This is achieved through extensive automation, consolidation, and on-going customer training efforts.

### **Services Offered**

#### **MAIL DISTRIBUTION**

Mail distribution services include picking-up, sorting, and delivering inbound USPS mail, inter-agency mail, outbound USPS mail and special service inter-agency delivery of forms, supplies, and parcels. With the addition of state-of-the-art X-Ray technology, our customers benefit from the knowledge that their incoming parcels are being screened for explosives. In addition, our customers benefit from our track-able inter-office delivery service (MailTrac). This service expedites the delivery of correspondence and parcels between our customer agencies (same day in many cases). In addition, the service provides proof of delivery. This has saved approximately **\$40,000** annual in postage and other service fees.

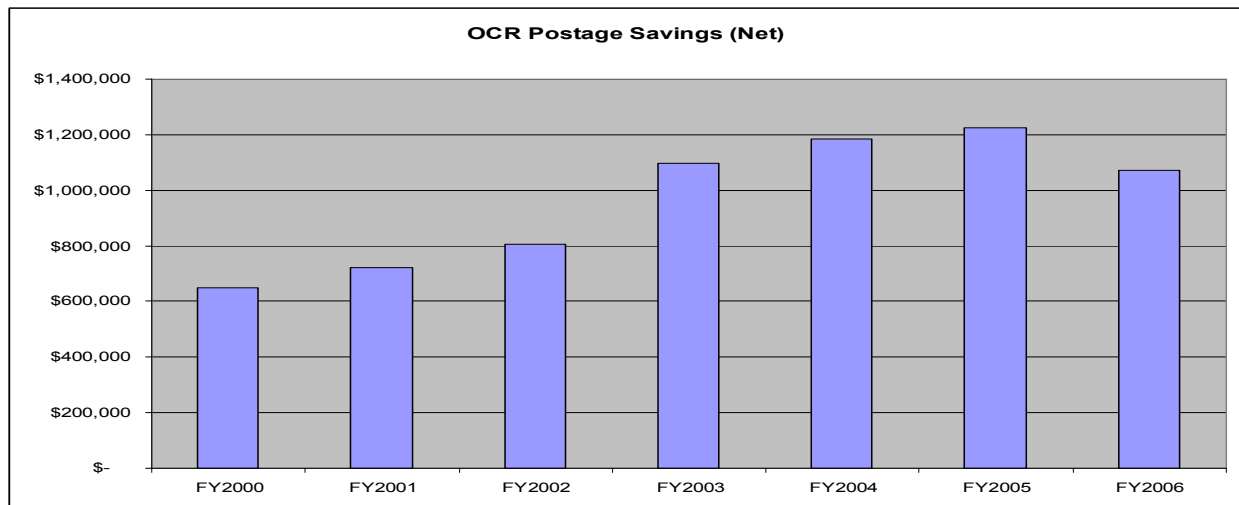
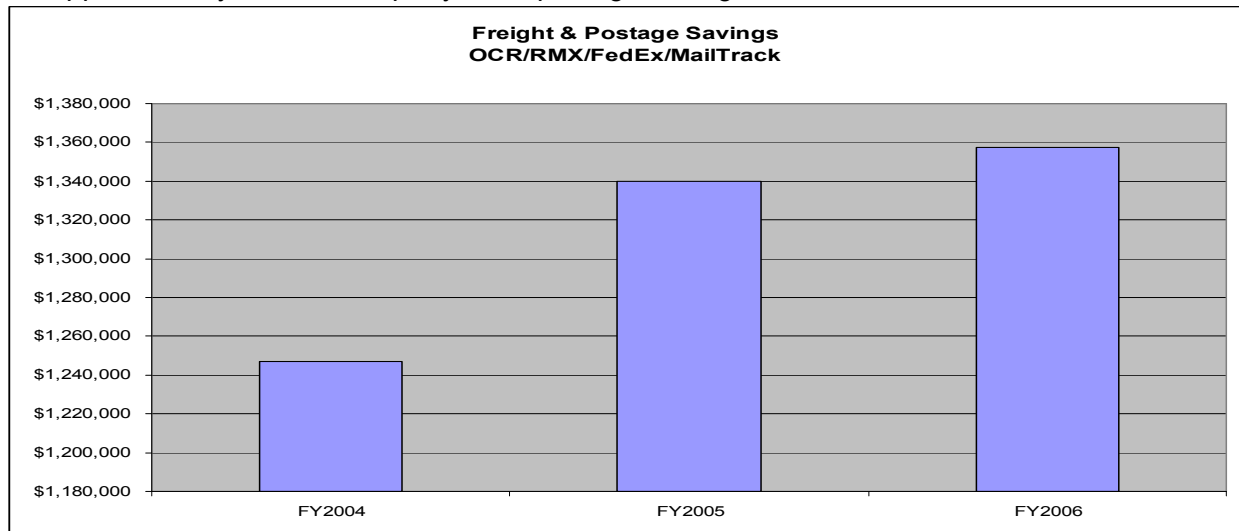
Our couriers drive approximately 1,000 miles on 16 different routes each day to provide mail distribution services to approximately 450 stops. We pick up, process, and deliver approximately 3,000,000 pieces of incoming USPS mail, over 19,000,000 pieces of outbound USPS mail, and approximately 1,000,000 pieces of inter-agency mail per year.

#### **PRODUCTION MAIL**

Our production mail program provides automated and manual addressing, tabbing, bursting, folding, inserting, metering and sealing, as well as bar-coding and presorting services for outbound correspondence. The consolidation of these functions into one processing facility has significantly reduced the state's mailing and distribution capital and human resources costs; enhanced the delivery of the state's mail; and has saved the state over **\$3,750,000** in postage and freight over the past three years. We meter over **18.1 million** pieces of mail per year, fold and insert approximately **18.4 million** pieces per year and pre-sort and barcode over **19.3 million** letters per year.

## Barcoding and Presorting Services (OCR)

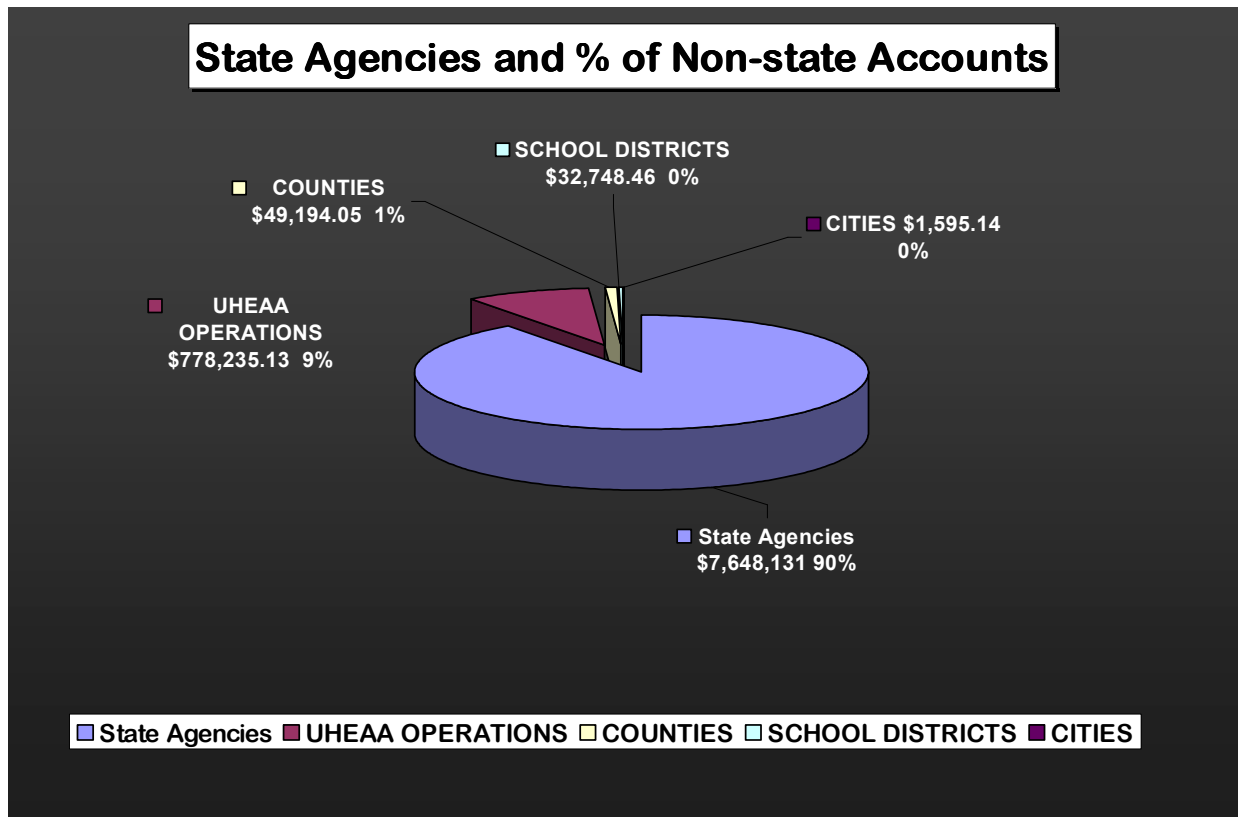
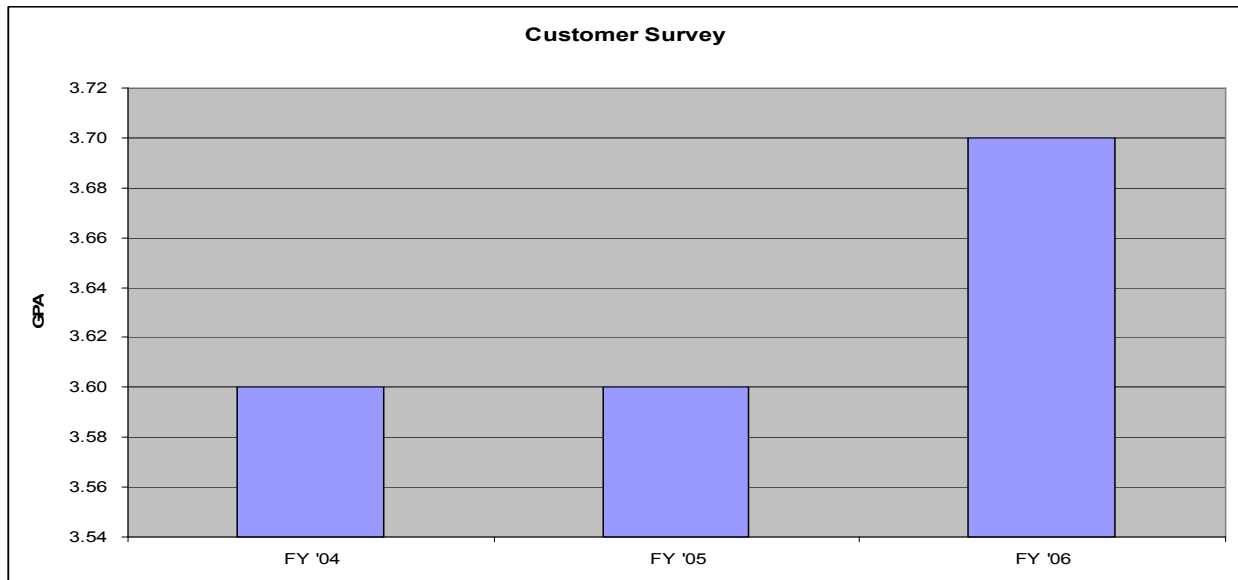
Our presorting program provides barcoding and presorting services for the state's outbound letter mail. In exchange for these services, the post office allows the state to receive discounted postage. This program processes over **19.3 million** letters and provides the state approximately **\$1,224,562** per year in postage savings.



## Market Comparison

Sample 100,000 Piece Two-Piece Inserting Job

	State Mail & Distribution Price	Skymail Price	Difference
Fold	\$2,000	\$3,000	\$1,000
Auto Insert 1st Insert	\$1,300	\$1,500	\$200
Additional Insert	\$400	\$600	\$200
Meter	\$1,700	\$1,800	\$100
OCR	\$1,700	\$2,000	\$300
Mail Distribution	\$4,000	\$5,500	\$1,500
Task Distribution	\$3,200	\$6,000	\$2,800
Savings Compared to Market			\$6,100





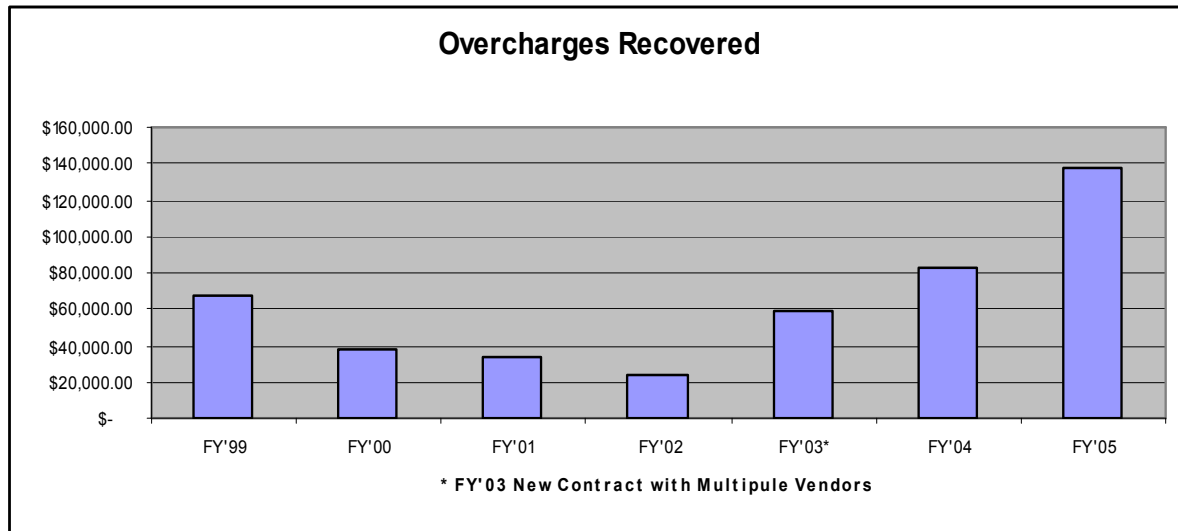
## ELECTRONIC PURCHASING SERVICES, FY 2008 Rate Proposal

**ELECTRONIC PURCHASING SERVICES** is requesting **no change** to its rate structure this year.

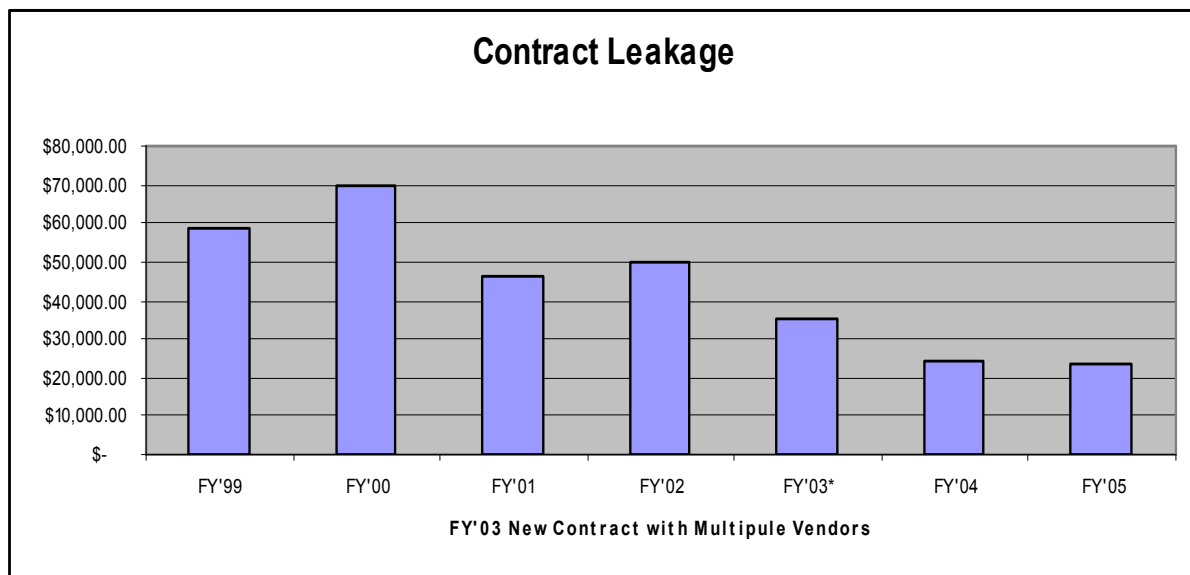
The purpose of the Electronic Purchasing Services (ePS) is to provide state agencies, local government, school districts and higher education an efficient and effective source of office supplies, maintenance, repair and operations (MRO) and industrial supplies and other services to enhance their ability to conduct business.

### CUSTOMERS SERVICES INCLUDE:

**Contract management:** ePS holds regular meetings with all vendors to resolve billing, customer service, pricing and product availability. Vendors' pricing are verified overcharges were identified and recovered.



**Audits of vendor pricing and of state agencies:** Audits using the state's financial system identified contract leakage. Agencies not buying on contract have been notified and most have taken action to eliminate the leakage



## RATES

**Electronic Purchasing Services (ePS) is requesting no change to its rate structure this year. THE CURRENT FUNDING OF A 1% VENDOR REBATE IS SUFFICIENT.**

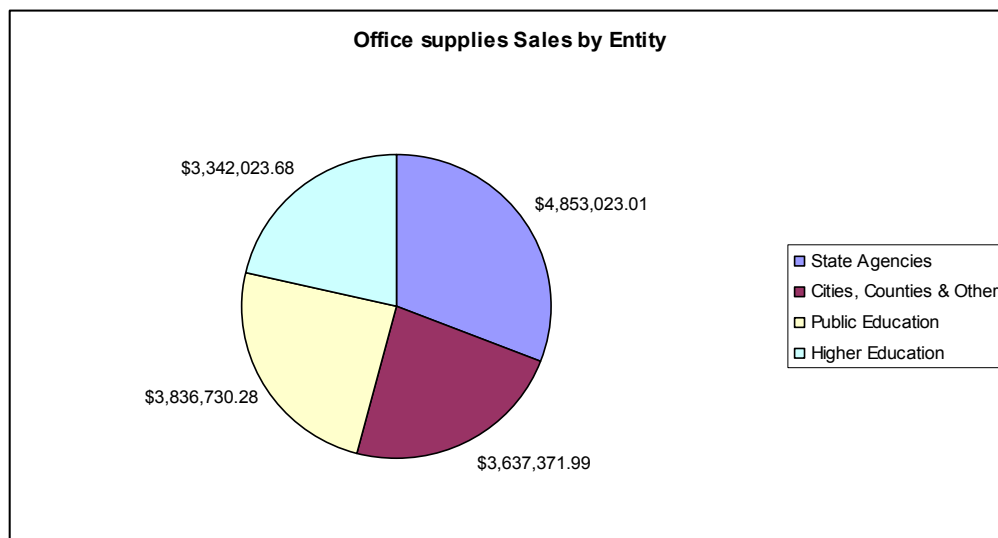
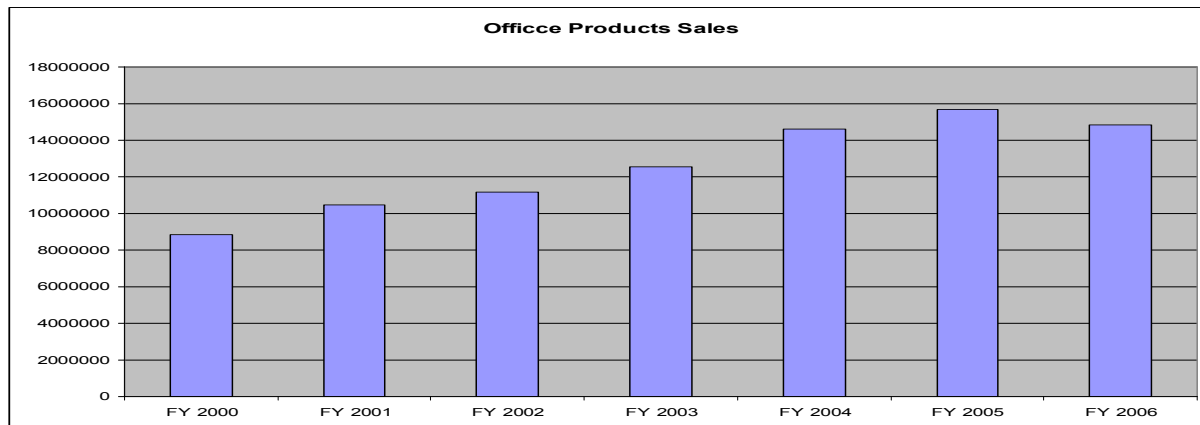
**BUSINESS SUPPLIES:** ePS manages three office products suppliers, Corporate Express, Office Depot, Office Max. ePS ensures correct pricing, service and product availability. ePS also routinely audits state agencies to ensure office products are purchased on contract.

**MRO AND INDUSTRIAL SUPPLIES:** The Division of Purchasing & General Services has contracted with Grainger, Industrial Supplies, and Codale, for discounts between 10% and 88% depending on the item and prepaid freight anywhere in the State. Electronic Purchasing Services manages the supplies contract to ensure correct pricing, customer service and product.

**PURCHASING CARD:** This program is designed to supplement or eliminate a variety of processes including petty cash, local check writing, low-value authorizations and small dollar purchase orders. The P-Card can be used for in-store purchases as well as mail, e-mail, and telephone and fax orders.

## Sales History and Growth

### OFFICE PRODUCTS

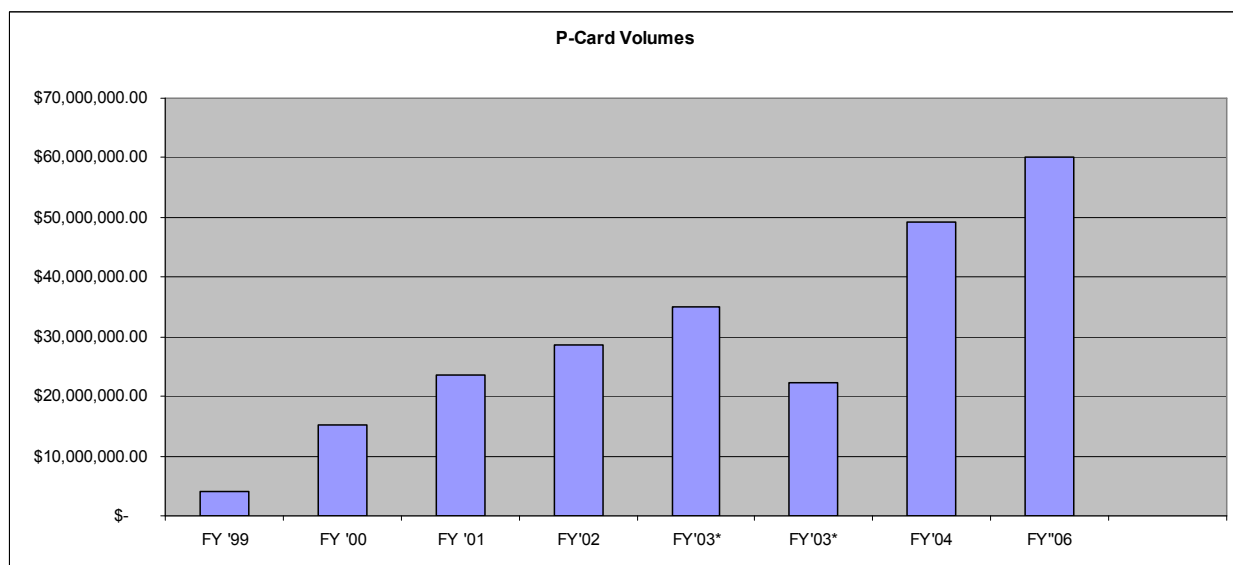
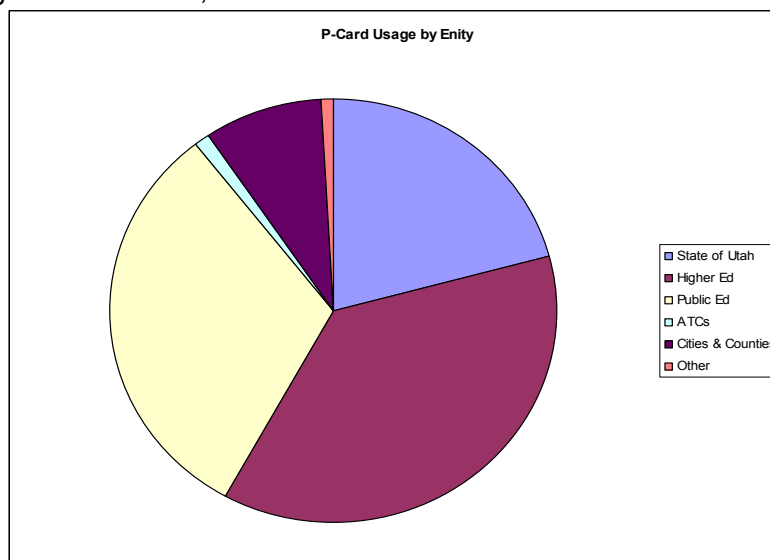


## Market Comparison

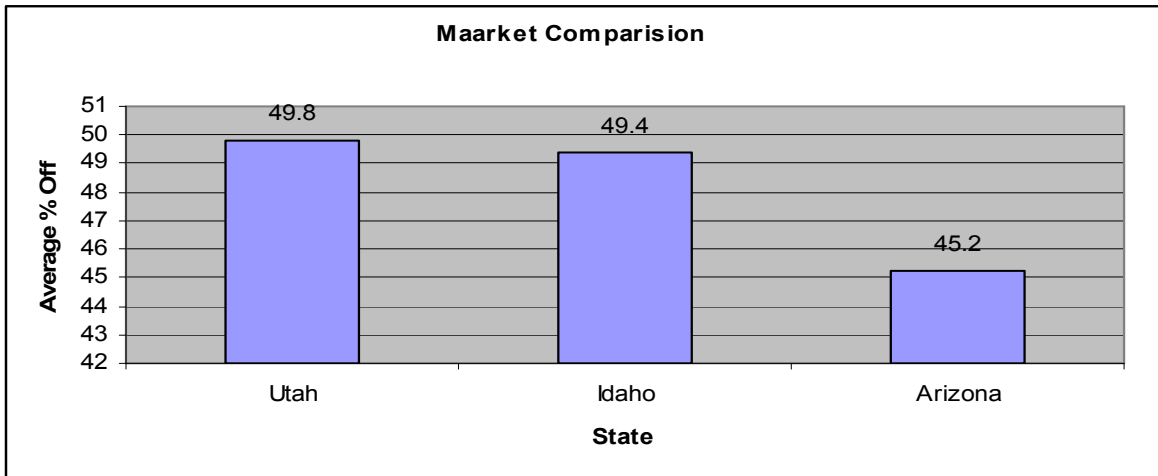
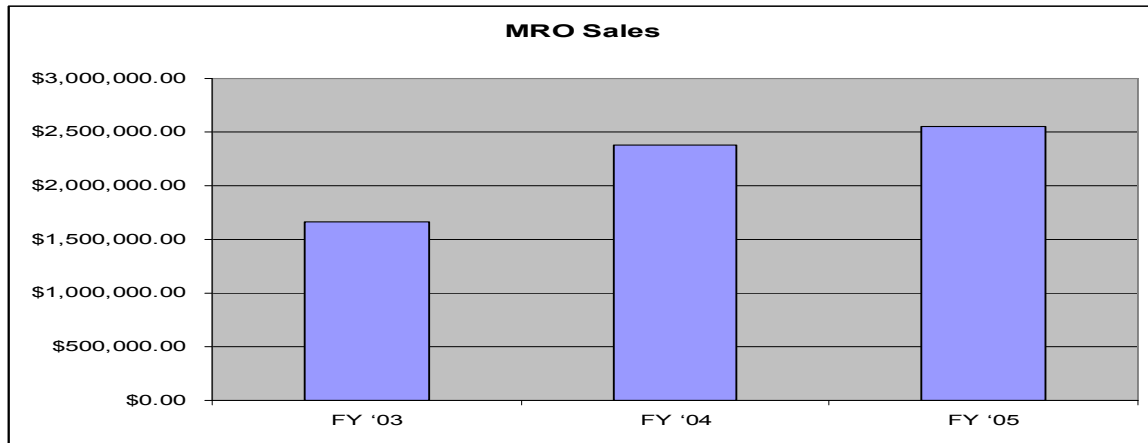
ITEM TYPE	Utah			Idaho		Arizona	
	Boise	Corporate	Depot	Boise		Corporate	Depot
Catalog	59%	64%	54%	58%	60%	58%	57%
Toner	39%	37%	33%	39%	36%	36%	36%
Office Equipment	41%	21%	33%	50%	42%	40%	36%
Furniture	52%	26%	43%	50%	46%	46%	46%
Paper	55%	71%	64%	50%	51%	51%	51%
Non Stock Items	21%	16%	19%	15%	varies	varies	varies
	<b>45%</b>	<b>39%</b>	<b>41%</b>	<b>44%</b>	<b>47%</b>	<b>46%</b>	<b>45%</b>

## PURCHASING CARD

The method for funding this program is the rebate the bank pays the state for using its services. This is a rate variable and pre-negotiated with the bank. No additional rate or funding is requested, the program is self-sufficient under the existing funding mechanism, a vendor rebate. At present there time the Purchasing Card program serves: the State, school districts, universities, colleges and A.T.C.s, cities and counties.



## MRO



## Customer Satisfaction Survey

ePS surveys customers each quarter. Customer are asked to rate service in 10 areas listed below.. The graphs below show the cumulative average for the last four years, with 4.0 equaling an "A" and a 0 equaling "F".

Customer Satisfaction Survey	Office Max	Corp. Exp	Office Depot	Grainger	Industrial Supply
Timely Delivery	3.5	3.4	3.7	3.7	3.7
Customer Service	3.6	3.4	3.5	3.7	3.7
Product Quality	3.5	3.4	3.5	3.5	3.5
Price	3.5	3.5	3.5	3.5	3.5
Responsiveness	3.4	3.2	3.4	3.5	3.5
Product Availability	3.3	3.3	3.5	3.5	3.5
Correct Products	3.4	3.4	3.5	3.7	3.7
Packing of Supplies	3.4	3.4	3.4	3.7	3.7
Invoicing	3.4	3.3	3.5	3.5	3.5
Overall Grade	3.4	3.3	3.6	3.6	3.6
Cumulative GPA	3.4	3.4	3.5	3.6	3.6





## **Publishing Services, FY 2008 Rate Proposal**

Department of Administrative Services

Division of Purchasing and General Services

**Publishing Services is requesting a reduction to its rate structure this year.**

### **PROGRAM DESCRIPTION**

Print Services manages essential document production services for state government. This is accomplished by two separate programs within Print Services: Digital Print Services and Print Service Centers.

**Digital Print Services:** This program is fiscally sound and continues to provide cost effective services. The program offers walk-up copying services to state agencies that want to create a "hassle-free" copying environment in their office. Included in the service is a copier that meets the agencies immediate and long-term requirements and specifications, full-service maintenance through the manufacturer or its local representative, and all copier consumables. When an agency subscribes, the program purchases and installs the copier(s), provides the required supplies, trains the staff, and assures that the copier is well maintained.

Presently, over 1,000 copiers are in use throughout the state through this service. The principle advantages of the program are all costs are paid from the operating budget, a reliable copier designed to meet present and future needs, scheduled copier replacement, no more paper work for establishing maintenance contracts or purchasing supplies, improved staff morale, reduced copying costs, and excellent service.

**Print Service Centers:** The centers have been operating in the red for a number of years. During this time we have: consolidated centers, modernized color printing and reduced staff in order to reduce cost and improve services. None of these efforts were enough to reduce our losses and reverse the negative retained earnings. In response to this situation we have privatized this program.

Print Services is pleased to announce a new partnership with Xerox Corporation. Effective June 20<sup>th</sup>, Xerox has been providing print services for the State of Utah. All printing and finishing services that were provided through Print Services will continue through Xerox. The print centers located in the UDOT Rampton and DNR buildings have been closed and all work is produced from the Capitol Print Center.

### **CAPITOL PRINT CENTER**

For many years Print Services's print centers have been operating in the red, thus creating a large negative retained earnings. After months of analysis and research, the conclusion findings as well as a business plan were presented to the Director of the Department of Administrative Services, the Rate Review Committee, and the Privatization Policy Board. A Request for Proposal (RFP) was issued and responded to by five companies. After further analysis, discussions, and oral presentations, the RFP Review Committee recommended that Xerox be awarded the contract to provide the services being offered by the print centers.

## OFFERED SERVICES

The following services will still be available to Print Services customers:

<b>PRINTS</b> B/W (600 x 600 dpi) Full-Color Digital (600 x 600 dpi)	<b>LAMINATION</b> 3-10 mil. Business Card, Letter, Legal, Letter
<b>FINISHING SERVICES</b> Tape, Coil, GBC, and Velo Off-Line Stapling Padding Folding (z, bi, tri, letter, double, and right-angle) Drilling Cutting Perforating	<b>OTHER</b> Black and Color Transparencies Blank and Printed Tabs Collating Scanning (600 dpi) Labels Variable Data Design Services

## JOB SUBMISSION

Xerox will introduce a new web based tool to facilitate print job submission. Customers will be taken step by step through the web submission process, receive a soft proof for immediate inspection, ability to track print jobs, and make payment utilizing the State's purchasing card (Visa) or receive a monthly invoice for all jobs.

Free pick-up and delivery are available for those jobs in hard copy form and completed print jobs. Customers are also welcome to stop by the print shop to have work completed.

## TRAINING

Xerox will be providing initial training as well as follow-up training programs to ensure that each State of Utah end user is capable of using all of the features available at the print center. The Capitol print center will also be hosting open houses and events to help users become more familiar with the program.

## PRINT CENTERS

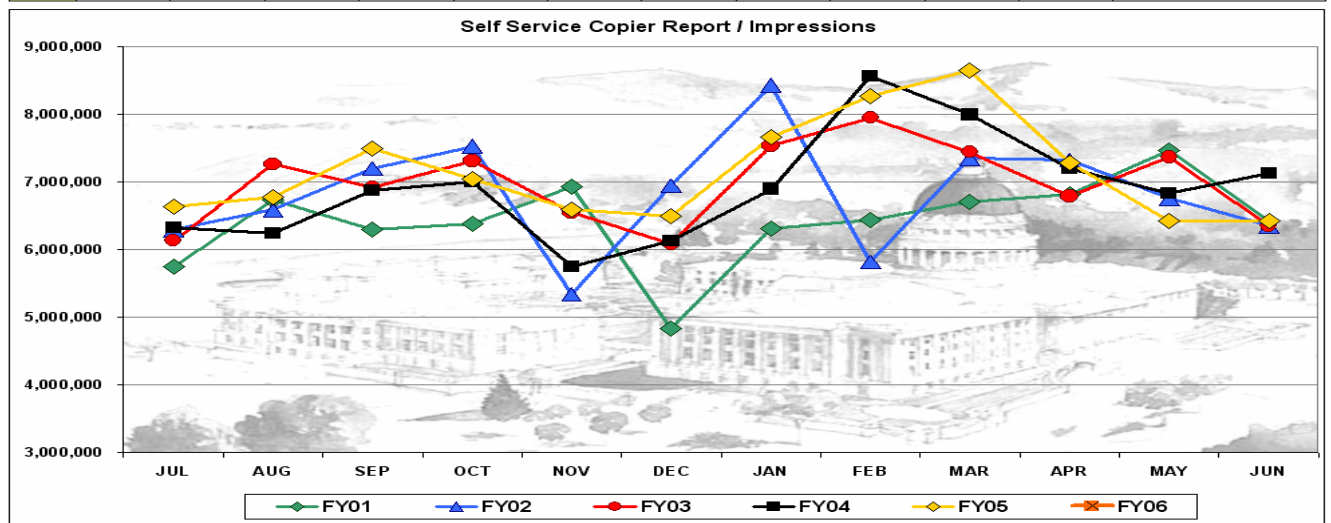
Although the same services will continue to be offered, print centers located in the DNR and UDOT buildings have been closed. All work is produced from the Capitol print center in order to maximize utilization of print capacity.

## VOLUMES

### SELF-SERVICE COPIERS

During FY05, the Self-Service Copier Program generated 85,791,680 impressions on its 1,000 plus machines. Over the past five years, the average yearly number of impressions was 82,314,254.

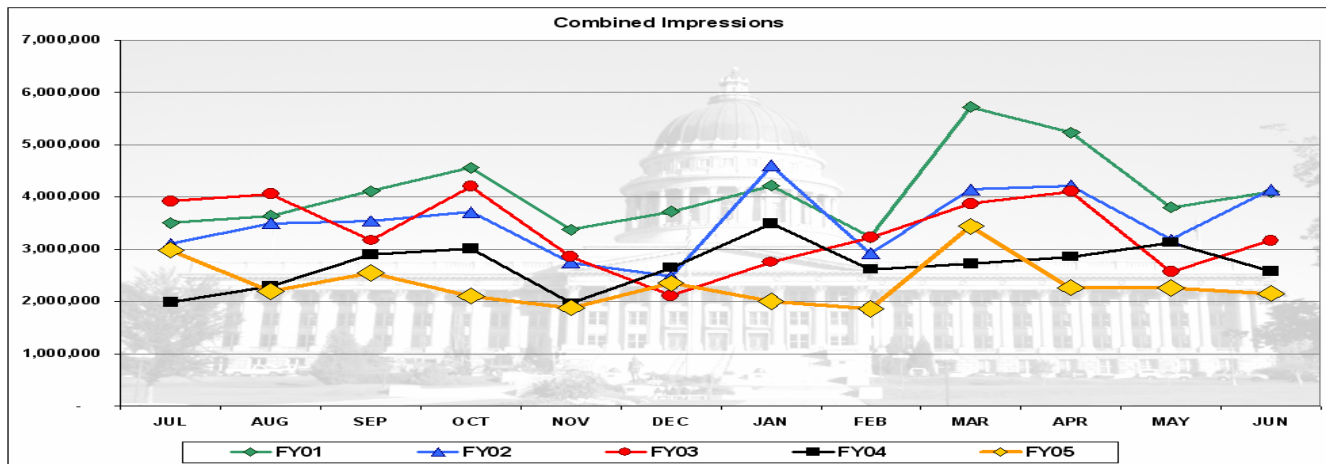
Self Service Copier Report													
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTALS
FY01	5,757,049	6,734,944	6,301,168	6,382,171	6,927,036	4,839,888	6,316,808	6,442,582	6,715,045	6,825,633	7,473,471	6,424,375	77,139,970
FY02	6,293,333	6,594,395	7,200,438	7,528,289	5,344,031	6,947,807	8,431,238	5,822,332	7,353,898	7,328,377	6,760,735	6,350,981	81,955,654
FY03	6,135,785	7,267,893	6,917,073	7,314,714	6,553,794	6,084,062	7,541,576	7,954,643	7,448,679	6,791,010	7,370,387	6,356,745	83,736,361
FY04	6,323,220	6,243,824	6,875,273	6,999,643	5,752,391	6,134,292	6,897,563	8,566,365	7,997,749	7,197,547	6,831,129	7,128,610	82,947,606
FY05	6,639,696	6,772,833	7,503,404	7,049,175	6,602,295	6,501,516	7,663,039	8,273,212	8,654,455	7,283,476	6,422,480	6,426,099	85,791,680
FY06													-
Totals	31,149,083	33,613,889	34,797,356	35,273,992	31,179,547	30,507,165	36,850,224	37,059,134	38,169,826	35,426,043	34,858,202	32,686,810	411,571,271
Percent Change FY05 - FY06													
%													



## PRINT SERVICE CENTERS

The combined number of impressions created by Print Services' three print centers for FY05 was 28,082,715. This is down 12.91% from the previous year.

MONTHLY COMBINED DOCUTECH & COLOR IMPRESSION TOTALS													
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTALS
FY01	3,602,690	3,642,228	4,114,541	4,564,063	3,375,036	3,721,897	4,219,182	3,236,442	5,724,439	5,236,423	3,600,332	4,100,000	49,237,275
FY02	3,107,421	3,600,000	3,642,926	3,710,894	2,747,519	2,485,046	4,601,217	2,921,927	4,144,210	4,216,463	3,193,621	4,146,170	42,307,404
FY03	3,922,146	4,056,711	3,174,066	4,201,286	2,859,489	2,114,033	2,700,375	3,226,863	3,876,723	4,110,962	2,673,773	3,169,071	40,049,632
FY04	1,890,984	2,293,656	2,905,723	3,018,836	1,999,606	2,653,370	3,491,772	2,619,571	2,724,893	2,868,666	3,133,729	2,584,716	32,245,531
FY05	2,987,556	2,202,204	2,551,494	2,107,892	1,894,407	2,362,396	2,002,695	1,861,608	3,441,467	2,268,150	2,265,084	2,156,893	28,082,715
Totals	15,510,798	15,696,798	16,288,752	17,602,951	12,836,069	13,326,732	17,075,231	13,868,431	19,910,822	18,690,584	14,957,439	16,156,850	191,921,457
Percent Change FY04 - FY05													
%	50.05%	-3.99%	-12.19%	-30.18%	-4.33%	-11.34%	-42.65%	-28.93%	26.29%	-20.65%	-27.69%	-16.55%	-12.91%



## COST SAVINGS

### JOB ELIMINATION

Through the privatization of the Print Centers, Print Services was able to eliminate nine positions. This will result in an annual savings of over \$400,000.

	Name	Hire Date	Hourly Rate
1	Eric Stephenson	10/16/1972	19.82
2	Mary Messner	09/28/1982	17.30
3	Ann Thompson	03/05/1984	13.55
4	Andy Wright	08/13/1990	13.55
5	Darrel Pierce	04/12/1993	13.55
6	Mary Martinez	10/18/1997	12.84
7	David Gibbs	03/16/1998	17.30
8	David Tucker	09/21/1998	12.50
9	Dustin Gleed	08/31/2002	9.28

### MISCELLANEOUS

Other items of action that produced savings included the cancellation of several active phone numbers, both land and cell. The outsourcing also eliminated the need to continue leasing high-end production equipment from Xerox.

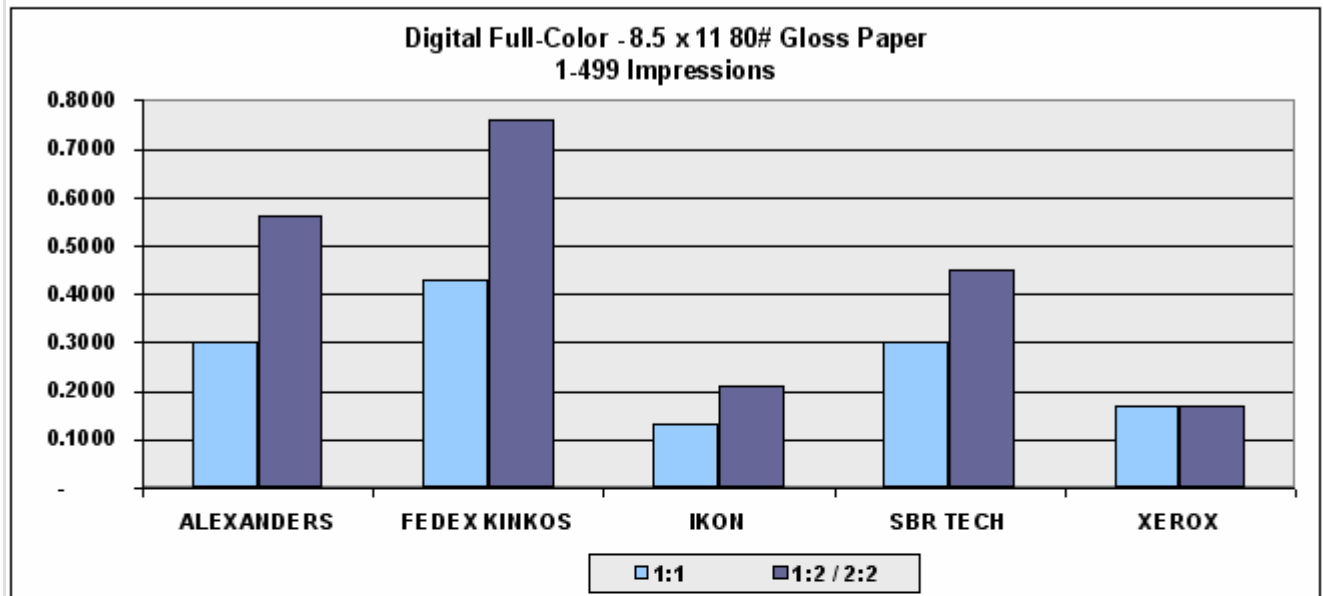
### CUSTOMER SATISFACTION SURVEY RESULTS

Customer surveys are divided into five different sections: Product Completion, Billing, Personnel, Services, and Training. Customer grading of these items is based on a 4.0 grading system. The cumulative grade point average given for overall performance for FY05 was 3.6. This would give Print Services an A-.

PERFORMANCE SURVEY REPORT CARD																																											
FY2005		1.00	2.00	3.00	4.00	TOTAL	GPA																																				
1 - Product Completion																																											
1a.	Your print jobs are consistently produced correctly.	0	2	4	24	30	3.7																																				
		0.00%	6.67%	13.33%	80.00%	100.00%																																					
1b.	Print jobs are completed in a timely manner.	0	0	4	26	30	3.9																																				
		0.00%	0.00%	13.33%	86.67%	100.00%																																					
2 - Billing																																											
2a.	Billing statements are correct and received in a timely manner	0	1	3	26	30	3.8																																				
		0.00%	3.33%	10.00%	86.67%	100.00%																																					
2b.	Billing statements are understandable and provide all necessary information.	0	0	4	26	30	3.9																																				
		0.00%	0.00%	13.33%	86.67%	100.00%																																					
2c.	Billing problems are resolved promptly and satisfactorily.	0	0	5	25	30	3.8																																				
		0.00%	0.00%	16.67%	83.33%	100.00%																																					
3 - Personnel																																											
3a.	Personnel are courteous when answering questions or resolving problems.	0	0	1	29	30	4.0																																				
		0.00%	0.00%	3.33%	96.67%	100.00%																																					
3b.	Personnel resolve questions or problems in a timely manner.	0	0	2	28	30	3.9																																				
		0.00%	0.00%	6.67%	93.33%	100.00%																																					
3c.	Couriers are professional, helpful, and courteous.	0	0	2	28	30	3.9																																				
		0.00%	0.00%	6.67%	93.33%	100.00%																																					
4 - Services																																											
4a.	Services are convenient to use.	0	1	2	27	30	3.9																																				
		0.00%	3.33%	6.67%	90.00%	100.00%																																					
4b.	Your agency runs more efficiently because of ePublishing's services.	0	0	3	27	30	3.9																																				
		0.00%	0.00%	10.00%	90.00%	100.00%																																					
4c.	Services are meeting all of your mailing needs.	0	1	3	26	30	3.8																																				
		0.00%	3.33%	10.00%	86.67%	100.00%																																					
5 - Training																																											
5a.	Training has been offered to help understand how to use ePublishing's services.	9	4	10	7	30	2.5																																				
		30.00%	13.33%	33.33%	23.33%	100.00%																																					
5b.	I would like to receive more training or information on services offered by ePublishing.	10	6	8	6	30	2.3																																				
		33.33%	20.00%	26.67%	20.00%	100.00%																																					
<table><tr><td colspan="3">Center Surveys Received</td><td>Product Completion</td><td>3.8</td><td>A = 4.00</td></tr><tr><td>Capitol</td><td>UDOT</td><td>DNR</td><td>Billing</td><td>3.8</td><td>B = 3.00</td></tr><tr><td>4</td><td>15</td><td>11</td><td>Personnel</td><td>3.9</td><td>C = 2.00</td></tr><tr><td>13%</td><td>50%</td><td>37%</td><td>Services</td><td>3.9</td><td>D = 1.00</td></tr><tr><td colspan="3"></td><td>Training</td><td>2.4</td><td></td></tr><tr><td colspan="3"></td><td>Cumulative GPA</td><td>3.6</td><td></td></tr></table>								Center Surveys Received			Product Completion	3.8	A = 4.00	Capitol	UDOT	DNR	Billing	3.8	B = 3.00	4	15	11	Personnel	3.9	C = 2.00	13%	50%	37%	Services	3.9	D = 1.00				Training	2.4					Cumulative GPA	3.6	
Center Surveys Received			Product Completion	3.8	A = 4.00																																						
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13%	50%	37%	Services	3.9	D = 1.00																																						
			Training	2.4																																							
			Cumulative GPA	3.6																																							

## Pricing

VENDOR	DIGITAL FULL-COLOR - 8.5 x 11 80# Gloss Paper							
	1-499		500-999		1,000-4,999		5,000 plus	
	1:1	1:2 / 2:2	1:1	1:2 / 2:2	1:1	1:2 / 2:2	1:1	1:2 / 2:2
ALEXANDERS	0.3000	0.5600	0.3000	0.5600	0.3000	0.5600	0.3000	0.5600
FEDEX KINKOS	0.4300	0.7600	0.4300	0.7600	0.4300	0.7600	0.4300	0.7600
IKON	0.1300	0.2100	0.1295	0.2095	0.1290	0.2090	0.1285	0.2085
SBR TECH	0.3000	0.4500	0.2800	0.4300	0.2500	0.4000	0.2000	0.3500
XEROX	0.1701	0.1701	0.1701	0.1701	0.1701	0.1701	0.1701	0.1701



VENDOR	DIGITAL FULL-COLOR - 11 x 17 80# Gloss Paper							
	1-499		500-999		1,000-4,999		5,000 plus	
	1:1	1:2 / 2:2	1:1	1:2 / 2:2	1:1	1:2 / 2:2	1:1	1:2 / 2:2
ALEXANDERS	0.4500	0.9000	0.4500	0.9000	0.4300	0.8600	0.4000	0.8000
FEDEX KINKOS	0.7600	1.5000	0.7600	1.5000	0.7600	1.5000	0.7600	1.5000
IKON	0.2375	0.3245	0.2370	0.3195	0.2320	0.3190	0.2270	0.3140
SBR TECH	0.3900	0.5500	0.3700	0.4950	0.3300	0.4550	0.3000	0.4250
XEROX	0.1934	0.1934	0.1934	0.1934	0.1934	0.1934	0.1934	0.1934

